

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 6622

A RESOLUTION declaring the intent of the City of Bellevue to adopt the Model B&O Tax Ordinance with specific exceptions for Bellevue.

WHEREAS, one of the most important functions of a government, including municipal government, in setting and implementing tax policy is to strive for fairness, consistency, equity, and efficiency; and

WHEREAS, in recognition of concerns over the local business and occupation (B&O) tax, and legislative debates over how to address those concerns, the Association of Washington Cities (AWC) and six B&O tax jurisdictions formed a Task Force to analyze these issues; and

WHEREAS, cities have had, and should retain, the flexibility to tailor city tax structures to meet unique local needs; and

WHEREAS, a city's right to flexibility to determine its own tax structure must be balanced against a taxpayer's right to a tax system that provides fairness, predictability, and ease of compliance; and

WHEREAS, the Task Force, with the concurrence of the majority of other Washington cities with B&O taxes, has developed a Model Ordinance that:

- Creates greater uniformity and consistency among city gross receipts business and occupation taxes;
- Includes universal apportionment and credit provisions to ensure no multiple taxation of the same gross receipts on businesses with activities in more than one B&O tax-imposing city is possible;
- Makes city gross receipts business and occupation taxes simpler, more predictable, and easier to administer through consistency among cities;
- Provides a "bright line" test for determining "nexus," or whether a given business is subject to tax;
- Contains sufficient flexibility to provide local control over the city tax structure; and
- Does not result in significant revenue changes for cities; and

WHEREAS, adoption of the Model Ordinance will demonstrate to the Washington State Legislature that cities are sensitive to legitimate concerns over city gross receipts B&O taxes, and that we are committed in our efforts to make them fairer, more consistent, and more efficiently administered; and

WHEREAS, adoption of the Model Ordinance may help avoid enactment of legislation proposed by certain business interests that would usurp local control over city B&O taxes and create substantial revenue losses; and

WHEREAS, the City of Bellevue was poised to adopt the Model Ordinance on September 4, 2001, and postponed this adoption to further consider concerns of the business community and participate in the Municipal Taxation Work Group (as part of the Governor's Competitiveness Council); and

WHEREAS, changes recommended as a result of involvement in the Governor's Municipal Taxation Work Group will require additional time and effort to incorporate into the Model Ordinance; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City of Bellevue declares its intent to adopt the Model Ordinance with specific exceptions to maintain the City's tax structure in 2002 for implementation on January 1, 2003.

Passed by the City Council this 19th day of November, 2001, and signed in authentication of its passage this 19th day of November, 2001.

(SEAL)

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Chuck Mosher, Mayor

Attest:

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Myrna L. Basich, City Clerk